

## Memorandum

**Date** : September 28, 2004

**To** : Secretary Belshé, Health and Human Services Agency  
Secretary McPeak, Business, Transportation and Housing Agency  
Secretary Aguiar, State and Consumer Services Agency  
Clark Kelso, State Chief Information Officer

**From** : Craig Grivette, Director, Stephen P. Teale Data Center (TDC)  
Bob Austin, Director, Health and Human Services Agency Data Center (HHSDC)

**Subject** : Data Center Consolidation Work Plan

### Background

As directed by Chapter 225, Statutes of 2003 (AB 1752, Oropeza), the Department of Finance (DOF) was required by December 1, 2003, to submit a plan to consolidate the Teale Data Center and Health and Human Services Agency Data Center in 2004-05. In May 2004, the Department of Finance submitted to the Legislature, a report entitled: Outline For Consolidating Teale Data Center And Health And Human Services Agency Data Center. To date, no plan has been submitted to the Administration.

As recommended by Chapter 7 SCO12 of the California Performance Review (CPR), California should consolidate the resources of its Health and Human Services Agency Data Center, the Stephen P. Teale Data Center and similar information technology functions within other state departments, and manage those resources as a single entity to create the California State Data Center. To date, the recommendations of CPR have not been approved by the Administration.

Executive Order S-13-04 was issued on August 25, 2004, expressing Governor Schwarzenegger's will to improve state operations through data center consolidation.

### Work Plan for 2004-2005 Budget Year

It is the joint recommendation of TDC and the HHSDC that, in anticipation of a probable consolidation and pursuant to general goals to save money from the combined operations, the following efforts represent the work plan for the executive teams of the data centers:

1. Pursuant to Executive Order S-13-04, the Director of the Stephen P. Teale Data Center shall lead the planning for and implementation of the consolidation of the Stephen P. Teale Data Center and the Health and Human Services Agency Data Center, excluding the System Integration Division.

2. Establish a Data Center Consolidation Executive Advisory Steering Committee that consists of the State CIO, the data center Directors, and the Agency Information Officers of the Health and Human Services Agency, the Business, Transportation and Housing Agency, and State and Consumer Services Agency. The data center Directors shall collaborate on consolidation issues and seek Committee approval on appropriate actions and issues.
3. The data centers will nominate a Consolidation Project Team consisting of members of both data centers that will coordinate the implementation of this work plan and the alignment of the two organizations. To support this effort, it is anticipated that establishing a Consolidation Management Office (CMO) to coordinate consolidation efforts will be required. The Statement of Work for this CMO is to be completed by September 30, 2004. It is expected that considerable internal and external resources may be required over a multi-year period to staff this office.
4. Develop a reorganization plan consistent with Executive Order S-13-04.
5. In preparation for formal consolidation, the data centers will share resources to align technologies, architectures, business processes, organizational structures, and service offerings to customers to the fullest extent possible.
6. Complete an implementation plan for data center network unification that leverages the existing scope of the Calnet contract. While it is anticipated that the consolidated data center will ultimately have telecommunications needs beyond the scope of the existing Calnet contract, this effort is being limited in scope to ensure that benefits can be realized as soon as possible and to be non-disruptive to the Calnet 2 procurement process. An agreed Statement of Work is to be completed by September 30, 2004, that reflects consultation with the Department of General Services' Telecom Division.
7. Ensure that all contracts signed hereafter include appropriate consolidation language such that contract consolidation can occur if so mandated in statute. Such contracts should also seek opportunities to save money through contract consolidation when possible.
8. The data centers will implement a common solution for Human Resources (HR) and Financial Management Systems (FMS) and will collaborate to leverage the system for other administrative systems. HHSDC will continue with its HR/FMS upgrade effort to be completed by June 30, 2005, in a manner that will enable TDC to participate as peers in the adoption of its common HR and Financial Management System. The combined HR and FMS will be configured consistent with industry standard business processes.

9. TDC and HHSDC will continue to develop joint programs to demonstrate operational excellence. Specifically, the data centers shall submit to the Department of Finance a Feasibility Study Report for Operational Recovery and Mutual Aid for Mainframe Operations by September 30, 2004.
10. TDC will migrate its messaging and calendaring systems to a common solution to enable improved communication between the organizations consistent with the Consolidated Email Pilot Project.
11. The two data centers will establish a formalized communication plan to impart information on a regular basis to their combined customer base, their respective agencies, and to the Legislature, as appropriate.
12. The data centers shall agree on a common architecture and enterprise storage administration (ESA) program based upon TDC's current efforts. These standards and timeframes for availability will be communicated to the customers by November 1, 2004.

The above work plan is intended to represent actions that make eminent sense regardless of the eventual decision to consolidate. However, if consolidation legislation moves forward consistent with the Governor's directive, these actions will be particularly important to accelerating the realization of benefits and savings for the combined organization.



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